

Assembly Bill No. 589

Passed the Assembly September 12, 2001

Chief Clerk of the Assembly

Passed the Senate September 10, 2001

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2001, at _____ o'clock __M.

Private Secretary of the Governor

└

CHAPTER _____

An act to add Section 95.35 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 589, Wesson. Property tax: loans for property tax administration.

Existing property tax law authorizes eligible counties, as defined, to obtain a loan from the state pursuant to the State-County Property Tax Administration Loan Program for the funding of county property tax administrative costs. Existing law limits this loan program to the 1995–96 fiscal year to the 2001–02 fiscal year, inclusive, and establishes a loan amount for each county in accordance with a specified schedule.

This bill would create the State-County Property Tax Administration Grant Program which would, for the 2002–03 fiscal year to the 2006–07 fiscal year, inclusive, provide grants to electing counties to assist them in funding property tax administration costs. This bill would set forth a grant amount for each county in a specified schedule. This bill would provide that receipt of grant program funds by a county shall not result in any reduction of a county's property tax administrative costs that are otherwise reimbursable under a specified statute.

The people of the State of California do enact as follows:

SECTION 1. Section 95.35 is added to the Revenue and Taxation Code, to read:

95.35. (a) The Legislature finds and declares that there is a significant and compelling state financial interest in the maintenance of an adequately funded system of property tax administration. This financial interest derives from the fact that 53 percent of all property tax revenues collected statewide serve to offset the General Fund obligation to fund K–12 schools, and extends not only to assessment and maintenance of the tax rolls, but also to all aspects of the system which include, but are not limited to, collection, apportionment, allocation, and processing and defending appeals. The Legislature further finds and declares



that the combination of limitations on county revenue authority, increasing county financial obligations, and the shift of county property taxes to schools has created a financial disincentive for counties to adequately fund property tax administration. This disincentive is most clearly evidenced by the fact that counties, on average, receive 19 percent of statewide property tax revenues while they are obligated to pay an average of 73 percent of the costs of administration. The Legislature also finds and declares that the State-County Property Tax Loan Program contained in Section 95.31 was in recognition of the state's financial interest, and the success of that program has demonstrated the appropriateness of an ongoing commitment of state funds to reduce the burden of property tax administration on county finances. Therefore, it is the intent of the Legislature, in enacting this act, to establish a grant program known as the State-County Property Tax Administration Grant Program that will continue the success of the State-County Property Tax Loan Program and maintain the commitment to efficient property tax administration.

(b) Notwithstanding any other provision of law, in the 2002–03 fiscal year and each fiscal year thereafter to the 2006–07 fiscal year, inclusive, any county board of supervisors may, upon the recommendation of the assessor, adopt a resolution to elect to participate in the State-County Property Tax Administration Grant Program. Any resolution so adopted shall comply with the terms and conditions contained in paragraph (2) of subdivision (c). If adopted, a copy of the resolution shall be sent to the Department of Finance, which shall, upon approval, transmit a copy of the resolution to the Controller.

(c) (1) Any county electing to participate in this program may be qualified to receive a grant in an amount, up to and including, the applicable amount listed in paragraph (3). However, the grant eligibility of a county may be terminated at the discretion of the Department of Finance if a county does not meet the conditions specified in paragraph (4).

(2) The resolution to participate in this program shall include a detailed listing of the proposed uses by the county of the grant moneys, including, but not limited to:

- (A) The proposed positions to be funded.
- (B) Any increased automation costs.



(C) The specific tasks and functions that will be performed during the fiscal year with these funds.

(3) Upon transmittal of the electing resolution by the Department of Finance, the Controller shall, provided sufficient moneys have been appropriated by the Legislature for purposes of this section, provide a grant to the electing county for the applicable amount specified in the following schedule:

Jurisdiction	Amount
Alameda	\$ 2,152,429
Alpine	3,124
Amador	80,865
Butte	381,956
Calaveras	109,897
Colusa	53,957
Contra Costa	2,022,088
Del Norte	36,203
El Dorado	302,795
Fresno	1,165,249
Glenn	59,197
Humboldt	210,806
Imperial	231,673
Inyo	100,080
Kern	1,211,318
Kings	138,653
Lake	117,376
Lassen	54,699
Los Angeles	13,451,670
Madera	212,991
Marin	790,490
Mariposa	46,476
Mendocino	160,435
Merced	298,004
Modoc	24,022
Mono	47,778
Monterey	795,819
Napa	366,020
Nevada	234,292
Orange	6,826,325
Placer	628,047

Plumas	80,606
Riverside	2,358,068
Sacramento	1,554,245
San Benito	90,408
San Bernardino	2,139,938
San Diego	5,413,943
San Francisco	1,013,332
San Joaquin	818,686
San Luis Obispo	736,288
San Mateo	2,220,001
Santa Barbara	926,817
Santa Clara	4,213,639
Santa Cruz	565,328
Shasta	342,399
Sierra	7,383
Siskiyou	91,164
Solano	469,207
Sonoma	1,035,049
Stanislaus	866,155
Sutter	147,436
Tehama	97,222
Trinity	24,913
Tulare	501,907
Tuolumne	126,067
Ventura	1,477,789
Yolo	278,309
Yuba	88,968

(4) The Department of Finance shall consider the following items in determining whether a county may continue to receive a grant under this section:

(A) The county's performance as indicated by the State Board of Equalization's sample survey required by Section 15640 of the Government Code.

(B) Any performance measures adopted by the California Assessors' Association, the California Association of Clerks and Elections Officials, the State Association of County Auditor-Controllers, and the California Association of County Treasurers and Tax Collectors.



(C) The county's reduction of backlogs of assessment appeals and declines in taxable value below adjusted base year value.

(D) The county's compliance with mandatory audits required by Section 469 or the county's delivery of tax bills as required by Section 2610.5.

(E) The county's reduction of backlogs of determinations regarding new construction, changes in ownership, and supplemental assessments.

(F) Any other measure, as determined by the Director of Finance and transmitted to a county prior to its receiving a grant.

(d) (1) Funds appropriated for purposes of this section shall be used to enhance the property tax administration system. Amounts provided to any county as a grant pursuant to this section may not be used to supplant the current level of county funding for property tax administration, exclusive of funds received pursuant to the predecessor State-County Property Tax Loan Program. In order to participate in the State-County Property Tax Administration Grant Program, a participating county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office, independent of the grant proceeds provided pursuant to this section, equal to the levels in the 1994–95 fiscal year, exclusive of amounts provided to the assessor's office pursuant to Item 9100-102-001 of the Budget Act of 1994. However, in a county in which the 1994–95 fiscal year funding level for the assessor's office was higher than the 1993–94 fiscal year level, the 1993–94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section. If a county was otherwise eligible but was unable to participate in the State-County Property Tax Loan Program in the 1995–96 fiscal year because it did not meet the funding level and staffing requirements of this paragraph, that county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office equal to the levels in the 1995–96 fiscal year.

(2) Prior to the assessor's recommendation for participation in the State-County Property Tax Administration Grant Program, the assessor shall consult with the county tax collector, and any other county agency directly involved in property tax administration, to develop an identifiable plan for the use of these funds during the period specified in the resolution by the board of supervisors. This



plan shall be subject to modification and approval of the board of supervisors.

(e) In any fiscal year in which the assessor of a county elects not to participate in the grant program or submits to the board of supervisors a grant proposal that is less than the applicable amount specified in paragraph (3) of subdivision (c), any other department of that county that is responsible for the administration, allocation, or adjudication of property tax, as defined in Section 95.3, may submit to the board of supervisors an application for the remainder of the allowable grant amount set forth in paragraph (3) of subdivision (c). Any grant proposal submitted pursuant to this subdivision shall include the information specified in paragraph (2) of subdivision (c), and will be subject to the performance standards set forth in paragraph (4) of subdivision (b).

(f) If the funds appropriated by any Budget Act for the purposes set forth in this section exceed sixty million dollars (\$60,000,000), the excess shall be allocated among participating counties in proportion to each county's applicable grant share listed in the schedule set forth in paragraph (3) of subdivision (c). Any additional funds allocated pursuant to this subdivision shall be transferred by the Controller to the boards of supervisors of participating counties at the same time as the transfer of funds pursuant to paragraph (3) of subdivision (c), and the funds transferred shall be available for allocation by the board of supervisors within the county only for the purposes of administration, allocation, or adjudication of property taxes, as defined in Section 95.3. Any county receiving funds pursuant to this subdivision shall be required to comply with the same reporting requirements as those required for grant funds received pursuant to paragraph (3) of subdivision (c).

(g) A participating county may establish a tracking system whereby a work or function number is assigned to each appraisal or administrative activity. This tracking system should provide statistical data on the number of production units performed by the county and the positive and negative change in assessed value attributable to the activities performed by each employee.

(h) At the request of the Department of Finance, the State Board of Equalization shall assist the Department of Finance in evaluating grants made pursuant to this section.



(i) Notwithstanding Section 95.3, any funds provided to an eligible county pursuant to this section shall not result in any reduction of those county property tax administrative costs that are reimbursable pursuant to Section 95.3.



Approved _____, 2001

Governor

